

**LEVINE, LAGAPA & BLOCK**

1200 NINETEENTH STREET, NW

SUITE 602

WASHINGTON, D.C. 20036

(202) 223-4980

FAX (202) 223-0833

EX PARTE OR LATE FILED

September 9, 1993

EX PARTE OR LATE FILED

RECEIVED

SEP - 9 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: *Ex Parte* Statement: CC Docket No. 92-77

Dear Mr. Caton:

In response to inquiries by Gary Phillips and Mark Nadel regarding commercial credit card acceptance under billed party preference, VISA U.S.A., Inc. ("VISA") submits the following *ex parte* statement as a supplement to the information provided in VISA's comments and reply comments in the above-captioned docket.

As numerous parties have recognized, there are substantial benefits to including commercial credit cards as a payment option for 0+ calls.<sup>1</sup> Market research conducted by the credit card industry indicates that over forty percent of existing cardholders would likely use their VISA or MasterCard to make 0+ calls if given that payment option. Perhaps one of the best indices of consumer demand for commercial credit card acceptance for 0+ calls is the success of VISA's calling card programs in foreign countries, where telephone companies have opted to expand the consumers' payment alternatives by accepting VISA cards as calling cards on the same basis as telephone company

<sup>1</sup> Comments of MasterCard International Inc. and VISA U.S.A., Inc., filed July 7, 1992, at 13-16; Reply Comments MasterCard International Inc. and VISA U.S.A., Inc., filed August 27, 1992, at 5-7; Reply Comments of American Express Company, filed August 27, 1992, at 6-8; Comments of Sprint Corporation, filed July 7, 1992, at 33; Comments of the Michigan Public Service Commission Staff, filed July 7, 1992, at 6; Comments of the Florida Public Service Commission, filed July 7, 1992, at 7; Comments of MessagePhone Inc., July 7, 1992, at 31-32; Comments of the Ameritech Operating Companies, filed July 7, 1992, at 11-12; Comments of Southwestern Bell Telephone Company, filed July 7, 1992, at 9, 21; Reply Comments of Pacific Bell and Nevada Bell, filed July 7, 1992, at 6; Reply Letter of Citibank, filed August 27, 1992, at 2; Reply Letter of The Chase Manhattan Bank, filed August 26, 1992, at 1-2; Reply Letter of First Chicago, filed September 11, 1992.

No. of Copies rec'd  
List ABCDE

dt<sup>1</sup>

LEVINE, LAGAPA & BLOCK

William F. Caton  
September 9, 1993  
Page 2

calling cards. VISA cards are used as the card of choice for telecommunications purchases by consumers in Australia, the United Kingdom, Hong Kong, Italy, Germany, Japan, Korea and countries throughout Latin America. Experience indicates that foreign consumers have not found entering the longer credit card number cumbersome when the access methodology is equivalent to that offered by other competing products, and like the fact that telecommunications purchases can be consolidated with other purchases on a single bill.

Further, given the available technology and the modest cost of including the credit card functionality in billed party preference, there is no justification for excluding commercial credit cards in the first stage of deployment of billed party preference. AT&T currently has the capability to process commercial credit cards on a O+ basis, and as AT&T stated in this docket, it is reconfiguring its own network "to accept such cards from all telephones." Comments of AT&T at 17, n\*.<sup>2</sup> Moreover, Northern Telecom is in the process of developing the switch functionality to accept commercial credit cards on a O+ basis. It plans to release the software by the last quarter of 1994 under generic number 37, and has already released preliminary information to its customers regarding the credit card functionality.

Indeed, the filings of parties in this proceeding confirm that including commercial credit cards as a O+ payment option will not be cost prohibitive. According to Ameritech, mandating acceptance of commercial credit cards should result in only modest additional costs, estimated at \$3.3 million. Reply Comments of Ameritech Operating Companies at 7. GTE similarly reports that equipping its network to accept commercial credit cards on a O+ basis will cost \$3.1 million -- a minuscule fraction of its overall estimated cost of implementing billed party preference. GTE ex parte letter from F.G. Maxson to M. Nadel, filed July 2, 1993, at 3.

Without a clear mandate from the Commission, consumers may be denied the benefits of these additional payment options as local telephone companies move to implement billed party preference. While VISA at this time is greatly encouraged by the statements of cooperation of some of the Regional Bell Operating Companies ("RBOCs") to deploy promptly the technology to accept commercial credit cards, the Commission should not lose sight of the fact

---

<sup>2</sup> See also Reply Comments of Pacific Bell and Nevada Bell at 6 (stating that "the technology exists to recognize credit cards within the operator service switch").

LEVINE, LAGAPA & BLOCK

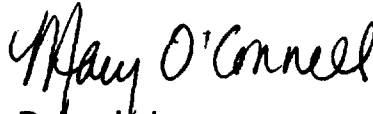
William F. Caton  
September 9, 1993  
Page 3

that some RBOCs may also have incentives to make credit cards a less attractive alternative to consumers in competition with RBOC-issued calling cards. Consumers will not benefit from any such efforts to limit options in the calling card marketplace. Because there is no technical, cost or other reason to limit payment options under billed party preference, VISA urges the Commission to include commercial credit card acceptance in the first stage of deployment of billed party preference.

The original and copy of this letter are being filed today as required by Section 1.1206(a) of the Commission's rules.

If you have any questions or would like further information regarding commercial credit card acceptance, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink that reads "Mary O'Connell". The signature is fluid and cursive, with the first name "Mary" and last name "O'Connell" clearly distinguishable.

Debra L. Lagapa  
Mary K. O'Connell

Counsel for VISA U.S.A., Inc.

cc: Gary Phillips  
Mark Nadel